

## Message Text

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FM U S MISSION GENEVA

TO SECSTATE WASHDC PRIORITY 2648

INFO AMEMBASSY ANKARA PRIORITY

C O N F I D E N T I A L GENEVA 3230

E.O. 11652: XGDS 1

TAGS: SNAR, UN, TU

SUBJECT: TURKISH/UN DEVELOPMENTS

1. SUMMARY: SIXTH ROUND OF UN/TURKISH NEGOTIATIONS ON QUESTION OF STANDBY COMPENSATION TO GUARANTEE FAIR PRICE FOR POPPY FARMERS TOOK PLACE MAY 5. KIRCA REITERATED GOT'S POSITION THAT FAIR PRICE SHOULD BE SET AT 20 TL PER KILOGRAM OF STRAW AND COULD EVEN BE JUSTIFIED AT 24 TL BECAUSE OF NEW OPIUM/MORPHINE PRICE. MARTENS PUT FORWARD REVISED AND FINAL POSITION UN SIDE BASED ON CALCULATIONS MADE TAKING INTO ACCOUNT NEW MORPHINE PRICE WHICH SHOWS BREAKEVEN AT 17.3 TL. REVISED UN POSITION IS THAT PROVIDED BUYING PRICE IS SET NO HIGHER THAN 18 TL, UNFDAC WOULD BE PREPARED SUPPORT PRICE BY ACCEPTING CONTINGENCY LIABILITY LIMITED TO MAXIMUM OF \$4 MILLION TO APPLY 1975 HARVEST YEAR ONLY. UN ALSO INDICATED THAT SUBJECT TO AVAILABILITY OF FUNDS, IT WOULD BE PREPARED ADDITIONALLY TO EARMARK SIMILAR CONTINGENCY FUNDS UP TO \$2 MILLION FOR 1976 AND \$1 MILLION FOR 1977 IF ALKALOIDS FACTORY IS NOT OPERATIONAL TO PROCESS HARVESTS FOR THOSE YEARS. KIRCA SAID HE WOULD LEAVE MAY 6 FOR ANKARA AND HOPED GIVE GOT'S REPLY TO UN'S PROPOSAL BY END CURRENT WEEK. KIRCA ALSO COMMENTED HE DID NOT BELIEVE ANY MORE NEGOTIATIONS BETWEEN TURKEY AND UN ON THIS MATTER WOULD BE NECESSARY. END SUMMARY

2. SIXTH ROUND OF UN/TURKISH NEGOTIATIONS ON QUESTION UN  
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STANDBY COMPENSATION FUND TO SUPPORT GUARANTEED PRICE FOR

POPPY FARMERS TOOK PLACE MAY 5.

3. AS RESULT CALCULATIONS MADE BY QUENTIN JONES USING NEW PRICE INDIAN OPIUM/MORPHINE WHICH SHOWED BREAKEVEN POINT AT 17.3 TL PER KILOGRAM OF STRAW, MARTENS DECIDED REVISE UN POSITION AND INFORM KIRCA THAT UNFDAC WOULD BE PREPARED SUPPORT GUARANTEED PRICE NO HIGHER THAN TL 18. IF GOT WERE TO SET HIGHER PRICE, FUND'S LIABILITY WOULD BE CALCULATED BASED ON HYPOTHETICAL PRICE OF 18 TL.

4. MARTENS GAVE KIRCA LETTER AND EXPLANATORY MEMORANDUM SETTING FORTH NEW AND FINAL UN POSITION AND CONDITIONS PERTAINING THERETO. TEXTS OF LETTER AND MEMO ARE TRANSMITTED SEPTELS.

5. IN ADVANCING UN POSITION TO KIRCA IN DETAIL, MARTENS REITERATED UNFDAC'S VIEW THAT PRICE TO BE PAID POPPY FARMERS FOR UNINCISED CAPSULES CONSTITUTED ONLY ONE PART, ALTHOUGH VITAL PART, OF SCHEME DESIGNED STRENGTHEN INTERNATIONAL NARCOTICS CONTROL SYSTEM. SAID UNFDAC WOULD ACCORDINGLY EXPECT ACCEPTANCE OF ITS HELP IN REGARD TO GUARANTEEING PRICE TO FARMERS TO BE ACCOMPANIED BY AN EARLY PUBLIC ANNOUNCEMENT BY GOT OF THIS GUARANTEED PRICE, BY IMPLEMENTATION OF VIGOROUS MEASURES TO SECURE CROP FROM ILLICIT TRAFFICKERS, BY EARLY STEPS TO IMPROVE YIELD OF MORPHINE THROUGH USE OF BETTER SEEDS AND IMPROVED AGRICULTURAL METHODS, AND BY READINESS OF GOT TO COOPERATE WITH UNFDAC IN ESTABLISHING FINANCIAL FACTS OF 1975 HARVEST. MARTENS EXPRESSED HOPE IT WOULD BE POSSIBLE FOR GOT TO COME TO EARLY DECISION ON THIS SUBJECT, THUS ENABLING HIM TAKE NECESSARY FORMAL STEPS REQUIRED TO ESTABLISH A STAND-BY FUND TO SUPPORT GUARANTEED PRICE. ADDED THAT IF GOT'S REPLY (FORMAL COMMUNICATION) IS AFFIRMATIVE, MARTENS WOULD REGARD IT AS ACCEPTANCE OF EXPLANATORY MEMORANDUM ANNEXED MARTENS' LETTER OF MAY 5 STIPULATING ASSISTANCE TO BE GRANTED BY UNFDAC AND CORRESPONDING ACTIONS TO BE UNDERTAKEN BY GOT. MARTENS CONCLUDED BY STATING FUTURE COOPERATION BETWEEN UN AND TURKEY WOULD BE GREATLY FACILITATED IF GOT WERE TO ESTABLISH HIGH-LEVEL OFFICE TO COORDINATE MANY AND VARIED ACTIVITIES NECESSARY TO BRING WHOLE SCHEME TO SUCCESSFUL

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CONCLUSION.

6. KIRCA REITERATED VIEW THAT GUARANTEED PRICE SHOULD BE SET AT 20 TL PER KILOGRAM OF STRAW, NOTING THAT NEW HIGHER MORPHINE PRICE WOULD IN FACT JUSTIFY 24 TL. KIRCA MENTIONED, HOWEVER, THAT WHILE "OFFICIAL TENDENCY" ANKARA WAS TO SET PRICE AT 20 TL, FINAL DECISION WHICH WOULD HAVE TO BE TAKEN BY PRIME MINISTER, HAD NOT YET BEEN

MADE. ADDED HE WOULD HAND-CARRY REVISED UN PROPOSAL TO ANKARA MAY 6 AND HE HOPED TO BE ABLE CONVEY GOT ANSWER BY END CURRENT WEEK. MENTIONED HE DID NOT BELIEVE ANY FURTHER NEGOTIATIONS BETWEEN UN AND TURKEY ON COMPENSATION MATTER WOULD BE NECESSARY. HE ASKED, HOWEVER, THAT PRIOR HIS DEPARTURE FOR ANKARA HE BE PROVIDED WITH CALCULATIONS MADE ON BASIS NEW EXCHANGE RATE OF 14TL EQUALS \$1. MARTENS AGREED DO THIS.

7. AT MARTENS' REQUEST, QUENTIN JONES HAS RECALCULATED DATA IN TERMS REQUESTED BY KIRCA AND ON BASIS GUARANTEED PRICE OF 18 TL. HIS CALCULATIONS SHOW BREAK-EVEN POINT OF 17.9 TL WHICH SUPPORTS REVISED AND PRESUMABLY FINAL UN POSITION. DETAILS ARE AS FOLLOWS:

(A) AT .30 PERCENT MORPHINE IN STRAW, CONTINGENT LIABILITY WOULD BE \$4,315,428;

(B) AT .32 PERCENT, CONTINGENT LIABILITY WOULD BE \$3,125,029;

(C) AT .35 PERCENT, CONTINGENT LIABILITY WOULD BE \$1,339,429; AND,

(D) AT .40 PERCENT, THERE WOULD BE SURPLUS (REPEAT SURPLUS) OF \$1,636,571. ABRAMS

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